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Supreme Court of the United States.

OCTOBER TERM, 1947.

RUSSELL BOX COMPANY,
Petitioner,
v.
GRANT PAPER BOX COMPANY,
Respondent.

PETITION FOR WRIT OF CERTIORARI.

To the Honorable Chief Justice and Associate Justices of the Supreme Court of the United States:

Your petitioner, Russell Box Company, defendant, respectfully prays for a writ of certiorari to the Circuit Court of Appeals for the First Circuit to review a judgment of that Court entered on December 12, 1947.

Summary and Short Statement of the Matter Involved.

The only question here involved is jurisdiction. The action is brought on a patent to Dreymann, by Grant Paper Box Company, respondent, as sole plaintiff, against Russell Box Company, defendant-petitioner. The plaintiff relied for title on an assignment of the application from the inventor, which, while purporting to transfer all right,

title and interest to the invention, application and patent to be issued, provided that the assignee could not assign nor license without the assent of the inventor (R. pp. 2-4).

The Court's action sought to be here reviewed is the denial (R. p. 4) of defendant's motion to dismiss the case for lack of jurisdiction for absence of a necessary party plaintiff—the inventor-assignor (R. p. 1).

The case was in the Supreme Court on a petition for certiorari in the October Term, 1946, *Russell Box Company* v. *Grant Paper Box Company*, No. 297; petition denied, 329 U.S. 741.

The District Court found for defendant on the ground of no infringement (R. No. 297, p. 14). On plaintiff's appeal, the Court of Appeals found for defendant on the ground of invalidity of the patent (R. No. 297, p. 465), 151 Fed. (2d) 886, but on rehearing reversed its decision and found the patent valid and infringed (R. No. 297, p. 487, 154 Fed. (2d) 729).

At the trial, no question of title was raised. However, the defendant, on October 2, 1947, having found the assignment above mentioned, moved to dismiss the case on the ground of want of title to the patent in the plaintiff and the absence of a necessary, indispensable party (R. p. 1). On December 12, 1947, the defendant's motion was denied (R. p. 4).

The defendant submits that the action of the Court in denying the motion is unsupportable on any ground as it is well settled, that such an assignment as is found here does not pass title, legal or equitable, that the plaintiff is a mere licensee, and that the presence as a party of the owner of the patent is necessary to give the Court jurisdiction, that it is the duty of the Court to notice the lack of jurisdiction even after judgment, and that the case should on motion be dismissed.

Jurisdiction.

(1) This is a suit arising under the Patent Laws of the United States, Judicial Code, Sec. 24 (7) (28 U.S.C. Sec. 41 (7)).

(2) The jurisdiction of this Court is invoked under Section 240 (a) of the Judicial Code, as amended by the Act of February 13, 1925 (28 U.S.C. Sec. 347).

(3) The date of the judgment which petitioner seeks to have reviewed is December 12, 1947.

(4) Cases believed to sustain the jurisdiction are:

Crown Die & Tool Co. v. *Nye Tool & Machine Works,* 261 U.S. 24, 28.

Independent Wireless Telegraph Co. v. *Radio Corp. of America,* 269 U.S. 459.

Questions Involved in the Case.

1. Does an assignment of an application for patent convey ownership if it reserves to the assignor the right to assign or license, or is such assignment a mere license?

2. Does such an assignment leave the assignor a joint owner of the patent?

3. Does the Court have jurisdiction of an infringement case when the person having the right to control assignments of, or licenses under, the patent is not a party?

4. Is an assignor of a patent a necessary party to an infringement case if he reserves the control of licenses under or assignments of the patent?

5. Is it not the duty of the Court to dismiss this suit for the lack of jurisdiction?

Reasons Relied on for the Allowance of the Writ.

1. An assignment of the kind here involved does not convey the ownership of the assignor.

United States v. *Washington Institute of Technology, Inc.*, 138 Fed. (2d) 25 (C.C.A. 3).

2. Any conveyance short of an *entire and unqualified* monopoly constitutes a mere license.

Waterman v. *MacKenzie*, 138 U.S. 252.

3. In order to enable an assignee to sue, he must have received an unqualified monopoly.

Gayler v. *Wilder*, 10 How. 477.

4. "The presence of the owner of the patent as a party is indispensable . . . to give jurisdiction under the patent laws . . . "

Independent Wireless Telegraph Co. v. *Radio Corp. of America*, 269 U.S. 459, 468.

5. "Although the decree of the Circuit Court of Appeals is not final, the importance of the question involved and the possible saving of useless litigation," warrants the granting of the writ.

Crown Die & Tool Co. v. *Nye Tool & Machine Works*, 261 U.S. 24, 28.

6. It is the duty of the Court to notice the question of jurisdiction whenever it appears.

Clark v. *Paul Gray, Inc.*, 306 U.S. 583, 588.

Conclusion.

The Third Circuit [1] has ruled that such an assignment as here will not support a suit by the assignee alone, as the assignor is still a joint owner of the patent. The First Circuit in this case has ruled that such an assignment does qualify the assignee to sue without the presence of the assignor.

Further, the First Circuit has here failed to follow the well-settled doctrine of the Supreme Court [2] that only the owner of the entire and unqualified monopoly may sue on a patent. The granting of the petition for certiorari in similar circumstances in the Crown Die case,[3] on a somewhat similar showing, is, we submit, an impelling argument for the granting of this petition.

Prayer.

Wherefore your petitioner prays that its petition for writ of certiorari to review the order of the First Circuit Court of Appeals be granted, and that due proceedings may be had for such relief in the premises as to this Honorable Court may seem meet and just.

RUSSELL BOX COMPANY,
By HERBERT A. BAKER,
Its Attorney.

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Boston, Massachusetts.

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[1] *United States* v. *Washington Institute of Technology*, 138 Fed. (2d) 25 (C.C.A. 3).

[2] *Independent Wireless Telegraph Co.* v. *Radio Corp. of America*, 269 U.S. 459, 468.

[3] *Crown Die & Tool Co.* v. *Nye Tool & Machine Works*, 261 U.S. 24, 28.

BRIEF IN SUPPORT OF PETITION FOR WRIT OF CERTIORARI.

Statement.

The review here sought is the denial by the First Circuit Court of Appeals of the defendant-petitioner's motion to dismiss the case for lack of a necessary indispensable party. The motion was filed after judgment of the Court of Appeals, and was denied without opinion. The defendant alleged that the proceedings taken were null and void because the Courts were without jurisdiction, in that the inventor still retained ownership, and had not been made a party.

The Facts.

The assignment of the application culminating in the patent in suit was in part in common form. However, after the assigning and granting clauses, the assignment stated in substance:

> "9. The Company [assignee] agrees not to assign the patent or patents, nor to grant any licenses under the said patents to any person or corporation without the written consent of Carl Dreymann [assignor]. In case the Company grants licenses . . . the royalty in each case shall be fixed and agreed upon between the parties hereto" (R. p. 3).

The defendant stipulated, relying on the statement on the face of the patent,[1] and the plaintiff's president testified, that the plaintiff was the owner of all the right, title and interest in the patent. After the final decision of the Court of Appeals remanding the case to the District Court,

[1] No. 497, R. p. 359.

the defendant learned of the terms of the assignment and subsequently filed the motion to dismiss, denial of which is here under review (R. pp. 1-2).

Summary of Argument.

A. An assignment of a patent or application therefor does not pass title, legal or equitable, but constitutes a mere license, unless it conveys an entire and unqualified monopoly.

B. The presence as a party of the owner of the entire monopoly under the patent is indispensable and necessary to confer jurisdiction on the Court, and a suit by a licensee or by less than all owners, must fail for lack of jurisdiction.

C. It is the Court's duty to notice the question of jurisdiction and to deal with it whenever raised, and a motion to dismiss is a proper way to raise the question.

D. Although the order of the Circuit Court of Appeals is not final, it is proper that a writ of certiorari issue at this time.

Argument.

(A)

I. There is diversity of opinion in two circuits on the rule of law as to the effect of such an assignment.

The Third Circuit Court of Appeals has decided that an assignment such as that here does not convey ownership, nor does the Court have jurisdiction in the absence of the assignor. The inventor there had assigned *all of the* right, title and interest in his application in consideration of $1 and certain covenants, set forth in [illegible]arate instrument of the same date. The covenants pr[illegible] that (1) Kear (the inventor) was to be paid 50% of [illegible]moneys received for licenses; (2) 50% of all moneys received from any sale;

(3) no sale was to be made of the application or patent without Kear's consent in writing; and (4) the terms for any license and for the design, installation, adjustment or sale of the subject-matter of the application were made subject to Kear's agreement.

The Court, citing cases holding that the agreement for a division of proceeds did not make the inventor an indispensable party, said the case—

> ". . . emphasizing the complete transfer of interests, adverted to the absence of any reservation of control over the patents, or their use or disposal, or any power to interfere with the management of the business growing out of their ownership . . . But in this case Kear did reserve control over the use and disposal of the subject matter. Granted that his claim under his contract to half the proceeds of license or sale did not make his interest 'joint' so far as this suit was concerned, his reservations under (3) and (4), as shown above, do so. Freely to dispose of what one has is clearly one important element in that collection of rights, privileges, powers and immunities known as ownership. Kear could not only control sale under (3), he could control use under (4) . . . He has such a joint interest . . . that he must be joined under Rule 19 (a)."
>
> *United States* v. *Washington Inst. of Technology, Inc.*, 138 Fed. (2d) 25.

II. The rule of law as to the effect of conveyances of patent rights was laid down in *Waterman* v. *MacKenzie*, 138 U.S. 252, which has never been questioned. The Court there said (p. 255):

> ". . . The patentee or his assigns may, by instrument in writing, assign, grant and convey, either, 1st,

the whole patent, comprising the exclusive right to make, use and vend the invention throughout the United States; or, 2d, an undivided part or share of that exclusive right; or, 3d, the exclusive right under the patent within and throughout a specified part of the United States. Rev. Stat. § 4898. A transfer of either of these three kinds of interests is an assignment, properly speaking, and vests in the assignee a title in so much of the patent itself, with a right to sue infringers; in the second case, jointly with the assignor; in the first and third cases, in the name of the assignee alone. Any assignment or transfer, short of one of these, is a mere license, giving the licensee no title in the patent, and no right to sue at law in his own name for an infringement."

And on page 256:

"Whether a transfer of a particular right or interest under a patent is an assignment or a license does not depend upon the name by which it calls itself, *but upon the legal effect of its provisions.* . . ."[2]

Waterman v. *MacKenzie,* 138 U.S. 252.

Again the Court stated:

". . . the monopoly granted by law to the patentee is for one entire thing, and that in order to enable the assignee to sue, the assignment must convey to him the entire and unqualified monopoly which the patentee held, in the territory specified, and . . . any assignment short of that is a mere license."

Pope Manufacturing Co. v. *Gormully & Jeffery Manufacturing Co.,* 144 U.S. 248, 250.
Gayler v. *Wilder,* 10 How. 477, 494.

[2] Emphasis ours throughout.

Tested by these principles, Dreymann's assignment constituted the plaintiff a mere licensee, holding no title.

Dreymann still retains a most important part of the "whole patent," the right to dictate its assignment in whole, or the grant of rights under it.

The reservation of such rights has seemed recently to have become prominent in litigation and has been held to prevent an assignment from effecting the transfer of full ownership.

Parker Rust Proof Co. v. *Western Union Tel. Co.*, 105 Fed. (2d) 976 (C.C.A. 2).

United States v. *Washington Inst. of Technology, Inc.*, 138 Fed. (2d) 25.

(B)

The Federal Court has no jurisdiction of a patent case unless the owner is a party. That no one but an owner may sue is settled by subsequent carefully considered opinions which state unequivocally that, *if the owner is not in court, the Court has no jurisdiction.*

Chief Justice Taft has bluntly stated the correct rule in the following language:

> "The presence of the owner of the patent as a party is indispensable . . . to give jurisdiction under the patent laws . . . "
>
> *Independent Wireless Telegraph Co.* v. *Radio Corp. of America*, 269 U.S. 459, 468.

This Court has further stated:

> "Patent property is the creature of statute law and its incidents are equally so and depend upon the construction to be given to the statutes creating it and them . . . *the plaintiff in an action at law must be the*

person or persons in whom the legal title to the patent resided at the time of the infringement" (p. 40).

"Both at law and in equity, either *the owner of the patent* at the time of the past infringement, or the subsequent owner of the patent who is at the same time the assignee of the claims for past infringement, *must be a party to a suit* for damages for the past infringement. . . . As the owner of the patent is not a party to this bill, the result is that on no ground can the bill of the plaintiff be sustained and that the motion to dismiss should have been granted" (p. 44).

Crown Die & Tool Company v. *Nye Tool & Machine Works,* 261 U.S. 24, 44.

In accord with the Independent Wireless case, the Court in Maryland dismissed on motion an infringement case where a joint owner was not joined as a party. The Court said:

"It is well established in this country that co-owners of patent rights must sue jointly in an infringement proceeding."

Rainbow Rubber Co. v. *Holtite Mfg. Co.,* 20 F. Supp. 913, 914.

Furthermore, no stipulation or agreement can confer jurisdiction.

"Unlike an objection to venue, lack of federal jurisdiction cannot be waived or be overcome by an agreement of the parties. An appellate federal court must satisfy itself not only of its own jurisdiction, but also that of the lower courts in a cause under review."

Mitchell v. *Maurer,* 293 U.S. 237, 244.
United States v. *Griffin,* 303 U.S. 226, 229.

The result of the cases then must be that, without the presence as parties of all the owners of a patent, no suit can be maintained against an infringer.

Therefore, whether Dreymann holds either the whole title or is a joint owner, the case has been brought and maintained without the presence of a necessary party; and, the Court being without jurisdiction under the patent laws, all proceedings hitherto taken are null and void.

If the Court has no jurisdiction, "its judgments and orders are regarded as nullities. They are not voidable, but simply void."

Broagham v. *Oceanic Steam Nav. Co.*, 205 Fed. 857, 860 (C.C.A. 3).
Elliott v. *Peirsol*, 1 Pet. 328, 340.

(C)

It is the Court's duty to deal with the question of jurisdiction whenever it is noticed.

This Court recently said,

> ". . . it appearing doubtful whether the 'matter in controversy' exceeded 'the sum or value of' $3,000 . . . we raised the question whether the jurisdictional amount was involved, *as was our duty.*"

Clark v. *Paul Gray, Inc.*, 306 U.S. 583, 588.

It is settled that a motion to dismiss is the proper remedy.

St. Paul Mercury Indemnity Co. v. *Red Cab Co.*, 303 U.S. 283, 287.

(D)

Petitioner submits that the question here involved—jurisdiction—merits clarification because of the numerous cases which have arisen in the Courts, indicating that such agreements as here found are numerous, and because the settlement of the question here may save useless litigation in this case. In the words of this Court:

> "Although the decree of the Circuit Court of Appeals is not final, the importance of the question involved and the possible saving of useless litigation led this Court to grant the writ of certiorari before further proceedings in the District Court."
>
> *Crown Die & Tool Co.* v. *Nye Tool & Machine Works,* 261 U.S. 24, 28.

The petitioner, in the absence of relief in this Court, may well be subjected to another suit, even if judgment after an accounting is satisfied in this action. The admission now of the assignor-inventor cannot cure the defects, as the advantages given defendants by law and by Court rules cannot be made available at this stage of the case.

The petitioner submits that there is conflict of decision between the rule of law in the Third and First Circuits on identical matter, that the question of law is important and may be frequently raised, that the Circuit Court of Appeals for the First Circuit has decided a question of Federal jurisdiction in conflict with the applicable decisions of this Court, and that further useless litigation may be saved by the correction of the error of the First Circuit Court of Appeals.

Conclusion.

Petitioner respectfully submits that the discretion of this Court will be exercised wisely in the granting of this petition.

Respectfully submitted,

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